



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2003
OF THE CONDITION AND AFFAIRS OF THE

CIGNA HEALTHCARE OF MAINE, INC.

NAIC Group Code	0901 <small>(Current Period)</small>	0901 <small>(Prior Period)</small>	NAIC Company Code	95447	Employer's ID Number	01-0418220
Organized under the Laws of	Maine			State of Domicile or Port of Entry	Maine	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Dental Service Corporation []	
	Vision Service Corporation []		Other []		Health Maintenance Organization [X]	
	Hospital, Medical & Dental Service or Indemnity []		Is HMO, Federally Qualified? Yes [X] No []			
Incorporated	03/01/1986		Commenced Business	04/01/1987		
Statutory Home Office	2 Stonewood Drive <small>(Street and Number)</small>			Freeport, ME 04032-0447 <small>(City or Town, State and Zip Code)</small>		
Main Administrative Office	2 Stonewood Drive <small>(Street and Number)</small>			207-865-5000 <small>(Area Code) (Telephone Number)</small>		
	Freeport, ME 04032-0447 <small>(City or Town, State and Zip Code)</small>					
Mail Address	900 Cottage Grove Road <small>(Street and Number or P.O. Box)</small>			Hartford, CT 06152-1228 <small>(City or Town, State and Zip Code)</small>		
Primary Location of Books and Records	900 Cottage Grove Road <small>(Street and Number)</small>			860-226-6192 <small>(Area Code) (Telephone Number)</small>		
	Hartford, CT 06152-1228 <small>(City or Town, State and Zip Code)</small>					
Internet Website Address	www.cigna.com					
Statutory Statement Contact	Tracy Lynn Trudeau <small>(Name)</small>			860-226-6192 <small>(Area Code) (Telephone Number) (Extension)</small>		
	Tracy.Trudeau@cigna.com <small>(E-mail Address)</small>			860-226-6443 <small>(FAX Number)</small>		
Policyowner Relations Contact	PO Box 447, 2 Stonewood Drive <small>(Street and Number)</small>			800-244-6224 <small>(Area Code) (Telephone Number) (Extension)</small>		
	Freeport, ME 04032-0447 <small>(City or Town, State and Zip Code)</small>					

OFFICERS

President	Donald Michael Curry	Secretary	Sandra Rivero Enriquez #
Treasurer	Lynn Marie Wytas		

VICE PRESIDENTS

John Patrick Frey	Katherine Kaslly Fry	Glenn Michael Gerhard
Alan Marc Gottlieb	Robert Paul Hockmuth M.D.	William Curnow Lamoreaux
Barry Richard McHale	Cesar Ernesto Penhaherrera	David Mathew Porcello
Roberta Parker Schmidt	Edward M. Tanida	Back Mai Thi Thai
Lynn Marie Wytas	Chuie Lan Yeun M.D.	

DIRECTORS OR TRUSTEES

Katherine Kaslly Fry	William Allen Schaffer M.D.	Chuie Lan Yuen M.D.
----------------------	-----------------------------	---------------------

State ofConnecticut.....

County ofHartford.....

}

ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Katherine Kasly Fry
President
(Vice President)

Sandra Rivero Enriquez
Secretary
(Assistant Secretary)

Lynn Marie Wytas
Treasurer

Subscribed and sworn to before me this
_____ day of _____, 2004

a. Is this an original filing?

Yes [X] No []

b. If no,

1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	39,417,922		39,417,922	25,902,168
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	5,720	5,720	0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$2,364,547 , Schedule E, Part 1), cash equivalents (\$0 , Schedule E, Part 2) and short -term investments (\$0 , Schedule DA).....	2,364,547		2,364,547	16,051,633
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivable for securities			0	31,185
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	41,788,189	5,720	41,782,469	41,984,986
11. Investment income due and accrued	594,923		594,923	440,879
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	5,167,887	224,194	4,943,693	3,824,153
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			0	0
12.3 Accrued retrospective premium.....			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers			0	8,800
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon			0	0
15.2Net deferred tax asset.....	987,032	304,592	682,440	1,407,016
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software.....			0	0
18. Furniture and equipment, including health care delivery assets (\$)	184,721	184,721	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates	1,228,041		1,228,041	0
21. Health care (\$) and other amounts receivable.....	2,082,865	852,233	1,230,632	4,019,050
22. Other assets nonadmitted	80,834	80,834	0	0
23. Aggregate write-ins for other than invested assets	261,849	240,000	21,849	26,163
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	52,376,341	1,892,294	50,484,047	51,711,047
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	52,376,341	1,892,294	50,484,047	51,711,047
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. OTHER LONG TERM ASSETS.....	240,000	240,000	0	26,163
2302. MISC RECEIPTS.....	21,849		21,849	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	261,849	240,000	21,849	26,163

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$75,059 reinsurance ceded)	.....17,203,587	.....896,878	.....18,100,465	.....21,618,941
2. Accrued medical incentive pool and bonus amounts	.....359,623		.....359,623	.....177,190
3. Unpaid claims adjustment expenses	.....1,673,220		.....1,673,220	.....591,315
4. Aggregate health policy reserves			.....0	.....0
5. Aggregate life policy reserves			.....0	
6. Property/casualty unearned premium reserves			.....0	
7. Aggregate health claim reserves			.....0	.....0
8. Premiums received in advance	.....851,605		.....851,605	.....1,151,362
9. General expenses due or accrued	.....353,707		.....353,707	.....307,335
10.1 Current federal and foreign income tax payable and interest thereon (including				
\$ on realized capital gains (losses))	.....3,344,603		.....3,344,603	.....1,195,868
10.2 Net deferred tax liability			.....0	
11. Ceded reinsurance premiums payable			.....0	
12. Amounts withheld or retained for the account of others			.....0	.....0
13. Remittance and items not allocated			.....0	
14. Borrowed money (including \$ current) and interest thereon \$ (including				
\$ current)			.....0	.....0
15. Amounts due to parent, subsidiaries and affiliates	.....795,840		.....795,840	.....3,074,871
16. Payable for securities			.....0	.....0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			.....0	.....0
18. Reinsurance in unauthorized companies			.....0	.....0
19. Net adjustments in assets and liabilities due to foreign exchange rates			.....0	.....0
20. Liability for amounts held under uninsured accident and health plans			.....0	.....0
21. Aggregate write-ins for other liabilities (including \$ current)	.....2,000,775	.....0	.....2,000,775	.....1,881,802
22. Total liabilities (Lines 1 to 21)	.....26,582,960	.....896,878	.....27,479,838	.....29,998,684
23. Common capital stock	XXX	XXX	.....100	.....100
24. Preferred capital stock	XXX	XXX		.....0
25. Gross paid in and contributed surplus	XXX	XXX	.....3,056,360	.....3,056,360
26. Surplus notes	XXX	XXX		.....5,681,808
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	.....0	.....(77,707)
28. Unassigned funds (surplus)	XXX	XXX	.....19,947,749	.....13,051,802
29. Less treasury stock, at cost:				
29.1 shares common (value included in Line 23				
\$)	XXX	XXX		.....0
29.2 shares preferred (value included in Line 24				
\$)	XXX	XXX		.....0
30. Total capital and surplus (Lines 23 to 28 Less 29)	XXX	XXX	.....23,004,209	.....21,712,363
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	.....50,484,047	.....51,711,047
DETAILS OF WRITE-INS				
2101. STATE TAXES PAYABLE	.....1,434,202		.....1,434,202	.....1,165,208
2102. STATE IMMUNIZATION ACCRUAL	.....429,740		.....429,740	.....316,414
2103. MISCELLANEOUS PAYABLES	.....136,833		.....136,833	.....322,473
2198. Summary of remaining write-ins for Line 21 from overflow page	.....0	.....0	.....0	.....77,707
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	.....2,000,775	.....0	.....2,000,775	.....1,881,802
2701. AVR - SURPLUS	XXX	XXX		.....(77,707)
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	.....0	.....0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	.....0	.....(77,707)

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	429,132	568,924
2. Net premium income (including non-health premium income).....	XXX	119,307,501	138,989,231
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	5,136
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	119,307,501	138,994,367
Hospital and Medical:			
9. Hospital/medical benefits		72,313,544	81,453,656
10. Other professional services		5,230,851	6,403,890
11. Outside referrals	4,690,841	4,690,841	10,601,221
12. Emergency room and out-of-area	217,578	4,377,772	5,249,397
13. Prescription drugs		12,847,001	14,872,139
14. Aggregate write-ins for other hospital and medical.....	0	(7,826)	197
15. Incentive pool, withhold adjustments and bonus amounts.....		5,307	(523,526)
16. Subtotal (Lines 9 to 15)	4,908,419	99,457,490	118,056,974
Less:			
17. Net reinsurance recoveries		387,895	130,874
18. Total hospital and medical (Lines 16 minus 17)	4,908,419	99,069,595	117,926,100
19. Non-health claims			
20. Claims adjustment expenses		5,032,294	4,037,012
21. General administrative expenses.....		8,504,408	12,567,377
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	4,908,419	112,606,297	134,530,489
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	6,701,204	4,463,878
25. Net investment income earned		2,394,032	1,679,125
26. Net realized capital gains or (losses)		(947)	(1,477)
27. Net investment gains or (losses) (Lines 25 plus 26)	0	2,393,085	1,677,648
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	4,925	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	9,099,214	6,141,526
31. Federal and foreign income taxes incurred	XXX	3,020,590	2,086,067
32. Net income (loss) (Lines 30 minus 31)	XXX	6,078,624	4,055,459
DETAILS OF WRITE-INS			
0601. OTHER INCOME.....	XXX		5,136
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	5,136
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. OTHER MEDICAL.....		(7,826)	197
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	(7,826)	197
2901. Other Income.....		4,925	0
2902. Fixed Asset Gain.....			0
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	4,925	0

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior reporting period	21,712,363	19,704,641
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	6,078,624	4,055,459
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Net unrealized capital gains and losses		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax	(419,984)	141,489
39. Change in nonadmitted assets	1,211,536	(936,371)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	(5,681,808)	(3,000,000)
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in		0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in		0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	103,478	1,747,145
48. Net change in capital & surplus (Lines 34 to 47)	1,291,846	2,007,722
49. Capital and surplus end of reporting period (Line 33 plus 48)	23,004,209	21,712,363
DETAILS OF WRITE-INS		
4701. CHANGE IN AVR - SURPLUS.....	77,707	3,165
4702. KAISER STATE TAX.....	26,291	0
4703. CORRECTION OF PRIOR PERIOD.....	(520)	0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	1,743,980
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	103,478	1,747,145

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	119,121,089	137,342,444
2. Net investment income	2,419,462	1,753,409
3. Miscellaneous income	4,925	391,073
4. Total (Lines 1 to 3)	121,545,476	139,486,926
5. Benefits and loss related payments	100,291,198	120,651,023
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	12,313,088	0
8. Dividends paid to policyholders		12,421,203
9. Federal and foreign income taxes paid (recovered) \$ net tax on capital gains (losses)	871,855	1,856,000
10. Total (Lines 5 through 9)	113,476,141	134,928,226
11. Net cash from operations (Line 4 minus Line 10)	8,069,335	4,558,700
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	890,792	991,354
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash and short-term investments	23,888	(386)
12.7 Miscellaneous proceeds	32,060	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	946,740	990,968
13. Cost of investments acquired (long-term only):		
13.1 Bonds	14,586,967	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	24,763	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	14,611,730	0
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(13,664,990)	990,968
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	(5,681,808)	(3,000,000)
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds received.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	(2,409,623)	90,252
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(8,091,431)	(2,909,748)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	(13,687,086)	2,639,920
19. Cash and short-term investments:		
19.1 Beginning of year	16,051,633	13,411,713
19.2 End of period (Line 18 plus Line 19.1).....	2,364,547	16,051,633

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE CIGNA HealthCare of Maine, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	119,307,501	119,307,501											
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of \$ medical expenses)	0												XXX
4. Risk revenue	0												XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	119,307,501	119,307,501	0	0	0	0	0	0	0	0	0	0	0
8. Hospital/medical/ benefits	72,313,544	72,313,544											XXX
9. Other professional services	5,230,851	5,230,851											XXX
10. Outside referrals	4,690,841	4,690,841											XXX
11. Emergency room and out-of-area	4,377,772	4,377,772											XXX
12. Prescription Drugs	12,847,001	12,847,001											XXX
13. Aggregate write-ins for other hospital and medical	(7,826)	(7,826)	0	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	5,307	5,307											XXX
15. Subtotal (Lines 8 to 14)	99,457,490	99,457,490	0	0	0	0	0	0	0	0	0	0	XXX
16. Net reinsurance recoveries	387,895	387,895											XXX
17. Total medical and hospital (Lines 15 minus 16)	99,069,595	99,069,595	0	0	0	0	0	0	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses	5,032,295	5,695,227										(662,932)	
20. General administrative expenses	8,504,407	9,624,786										(1,120,379)	
21. Increase in reserves for accident and health contracts	0												XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	112,606,297	114,389,608	0	0	0	0	0	0	0	0	0	(1,783,311)	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	6,701,204	4,917,893	0	0	0	0	0	0	0	0	0	1,783,311	0
DETAILS OF WRITE-INS													
0501.													XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Other Medical	(7,826)	(7,826)											XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	(7,826)	(7,826)	0	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	120,487,614		1,180,113	119,307,501
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....				.0
8. Stop Loss .....				.0
9. Disability Income .....				.0
10. Long-term care .....				.0
11. Other health.....				.0
12. Health subtotal (Lines 1 through 11)	120,487,614	.0	1,180,113	119,307,501
13. Life .....				.0
14. Property/Casualty.....				.0
15. Totals (Lines 12 to 14)	120,487,614	0	1,180,113	119,307,501

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE CIGNA HealthCare of Maine, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non- Health
1. Payments during the year:													
1.1 Direct	102,895,602	102,895,602											
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	321,636	321,636											
1.4 Net	102,573,966	102,573,966	0	0	0	0	0	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses	(177,127)	(177,127)											
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	18,175,524	18,175,524	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	75,059	75,059	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	18,100,465	18,100,465	0	0	0	0	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0												
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	359,623	359,623											
6. Amounts recoverable from reinsurers December 31, current year	0												
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct	21,618,941	21,618,941	0	0	0	0	0	0					
7.2 Reinsurance assumed	0	0											
7.3 Reinsurance ceded	0	0	0	0	0	0	0	0					
7.4 Net	21,618,941	21,618,941	0	0	0	0	0	0	0	0	0	0	0
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct	0	0	0	0	0	0	0	0					
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0					
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0					
8.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Accrued medical incentive pools and bonuses, prior year	177,190	177,190	0	0	0	0	0	0					
10. Amounts recoverable from reinsurers December 31, prior year	8,800	8,800	0	0	0	0	0	0					
11. Incurred Benefits:													
11.1 Direct	99,452,185	99,452,185	0	0	0	0	0	0	0	0	0	0	0
11.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3 Reinsurance ceded	387,895	387,895	0	0	0	0	0	0	0	0	0	0	0
11.4 Net	99,064,290	99,064,290	0	0	0	0	0	0	0	0	0	0	0
12. Incurred medical incentive pools and bonuses	5,306	5,306	0	0	0	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	1,845,000	1,845,000											
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	1,845,000	1,845,000	0	0	0	0	0	0	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	13,431,992	13,431,992											
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	75,059	75,059											
2.4. Net	13,356,933	13,356,933	0	0	0	0	0	0	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	2,898,532	2,898,532											
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	2,898,532	2,898,532	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct	18,175,524	18,175,524	0	0	0	0	0	0	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	75,059	75,059	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	18,100,465	18,100,465	0	0	0	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	17,649,854	84,924,112	1,835,313	16,265,152	19,485,167	21,618,941
2. Medicare Supplement .....					.0	.0
3. Dental Only.....					.0	.0
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan Premiums .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid.....					.0	.0
8. Other health .....					.0	.0
9. Health subtotal (Lines 1 to 8).....	17,649,854	84,924,112	1,835,313	16,265,152	19,485,167	21,618,941
10. Other non-health.....					.0	
11. Medical incentive pools, and bonus amounts	(14,756)	(162,371)	191,946	167,677	177,190	177,190
12. Totals (Lines 9 to 11)	17,635,098	84,761,741	2,027,259	16,432,829	19,662,357	21,796,131

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE CIGNA HealthCare of Maine, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	21,321	21,341	21,341	21,341	21,341
2. 1999	142,475	161,048	161,156	161,156	161,156
3. 2000	XXX	129,470	147,533	147,374	147,374
4. 2001	XXX	XXX	126,156	143,122	143,231
5. 2002	XXX	XXX	XXX	102,196	119,737
6. 2003	XXX	XXX	XXX	XXX	84,924

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	263,341	263,265	263,265	263,265	263,265
2. 1999	167,537	162,591	161,156	161,156	161,156
3. 2000	XXX	147,730	147,973	147,374	147,374
4. 2001	XXX	XXX	147,917	145,318	143,231
5. 2002	XXX	XXX	XXX	121,619	121,572
6. 2003	XXX	XXX	XXX	XXX	101,189

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

	1	2	3	4	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5-7+8)	10 Col. (9/1) Percent
Years in which Premiums were Earned and Claims were Incurred	Premiums Earned	Claim Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent						
1. Prior to 1999.....	XXX.			.XXX	.0	.XXX			.0	.XXX
2. 1999.....	173,427	161,156		.0 .0	161,156	.92 .9			161,156	.92 .9
3. 2000.....	163,959	147,374		.0 .0	147,374	.89 .9			147,374	.89 .9
4. 2001.....	159,381	143,231	1,296	.0 .9	144,527	.90 .7			144,527	.90 .7
5. 2002.....	137,155	119,737	4,701	.3 .9	124,438	.90 .7	2,027	.34	126,499	.92 .2
6. 2003.....	119,308	84,924	3,283	.3 .9	88,207	.73 .9	16,433	1,639	106,279	.89 .1
7. Total (Lines 1 through 6)	XXX	656,422	9,280	.XXX	665,702	.XXX	18,460	1,673	685,835	.XXX
8. Total (Lines 2 through 6)	753,230	XXX	XXX	.XXX	XXX	.XXX	.XXX	XXX	XXX	.XXX

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE CIGNA HealthCare of Maine, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	21,321	21,341	21,341	21,341	21,341
2. 1999	142,475	161,048	161,156	161,156	161,156
3. 2000	XXX	129,470	147,533	147,374	147,374
4. 2001	XXX	XXX	126,156	143,122	143,231
5. 2002	XXX	XXX	XXX	102,196	119,737
6. 2003	XXX	XXX	XXX	XXX	84,924

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	263,341	263,265	263,265	263,265	263,265
2. 1999	167,537	162,591	161,156	161,156	161,156
3. 2000	XXX	147,730	147,973	147,374	147,374
4. 2001	XXX	XXX	147,917	145,318	143,231
5. 2002	XXX	XXX	XXX	121,619	121,572
6. 2003	XXX	XXX	XXX	XXX	101,189

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves												
2. Additional policy reserves (a)												
3. Reserve for future contingent benefits												
4. Reserve for rate credits or experience rating refunds (including \$ for investment income)												
5. Aggregate write-ins for other policy reserves												
6. Totals (Gross)												
7. Reinsurance ceded												
8. Totals (Net) (Page 3, Line 4)												
CLAIM RESERVE												
9. Present value of amounts not yet due on claims												
10. Reserve for future contingent benefits												
11. Aggregate write-ins for other claim reserves												
12. Totals (Gross)												
13. Reinsurance ceded												
14. Totals (Net) (Page 3, Line 7)												
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page												
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)												
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page												
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)												

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent (\$ for occupancy of own building).....	245,534	663,284		908,818
2. Salaries, wages and other benefits.....	2,905,153	7,898,486		10,803,639
3. Commissions (less \$ ceded plus \$ assumed).....		2,997,977		2,997,977
4. Legal fees and expenses.....		5,727		5,727
5. Certifications and accreditation fees.....				0
6. Auditing, actuarial and other consulting services.....	16,434	9,398		25,832
7. Traveling expenses.....	25,797	97,788		123,585
8. Marketing and advertising.....		7,263		7,263
9. Postage, express and telephone.....	322,827	813,679		1,136,506
10. Printing and office supplies.....	62,792	195,595		258,387
11. Occupancy, depreciation and amortization.....	57,684	333,044		390,728
12. Equipment.....	241,560	516,170		757,730
13. Cost or depreciation of EDP equipment and software.....				0
14. Outsourced services including EDP, claims, and other services.....	116,732	277,523		394,255
15. Boards, bureaus and association fees.....		33,400		33,400
16. Insurance, except on real estate.....				0
17. Collection and bank service charges.....		14,372		14,372
18. Group service and administration fees.....				0
19. Reimbursements by uninsured accident and health plans.....	(2,261,388)	(7,639,139)		(9,900,527)
20. Reimbursements from fiscal intermediaries.....				0
21. Real estate expenses.....		(229,018)		(229,018)
22. Real estate taxes.....				0
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes.....				0
23.2 State premium taxes.....				0
23.3 Regulatory authority licenses and fees.....				0
23.4 Payroll taxes.....	172,147	423,399		595,546
23.5 Other (excluding federal income and real estate taxes).....		581,352		581,352
24. Investment expenses not included elsewhere.....			54,832	54,832
25. Aggregate write-ins for expenses.....	3,127,022	1,504,109	0	4,631,131
26. Total expenses incurred (Lines 1 to 25).....	5,032,294	8,504,409	54,832	(a) 13,591,535
27. Less expenses unpaid December 31, current year.....	1,673,220	353,707		2,026,927
28. Add expenses unpaid December 31, prior year.....	591,315	307,335		898,650
29. Amounts receivable related to uninsured accident and health plans, prior year.....				0
30. Amounts receivable related to uninsured accident and health plans, current year.....				0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	3,950,389	8,458,037	54,832	12,463,258
DETAIL OF WRITE-INS				
2501. Late Claim Interest.....	2,591,067			2,591,067
2502. Data Processing.....	474,816	1,014,594		1,489,410
2503. Penalties.....		637,250		637,250
2598. Summary of remaining write-ins for Line 25 from overflow page.....	61,139	(147,735)	0	(86,596)
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	3,127,022	1,504,109	0	4,631,131

(a) Includes management fees of \$14,827,546 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....	.....
1.1	Bonds exempt from U.S. tax	(a) .....1,515,377	.....1,669,422
1.2	Other bonds (unaffiliated)	(a) .....	.....
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans.....	.....	.....
6.	Cash/short-term investments	(e) .....47,593	.....47,593
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....731,849
10.	Total gross investment income	1,562,970	2,448,864
11.	Investment expenses		(g) .....54,832
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....54,832
17.	Net Investment Income - (Line 10 minus Line 16)		2,394,032
DETAILS OF WRITE-INS			
0901.	Interest Expense .....		.....673,837
0902.	External Interest.....		.....43,807
0903.	Internal Interest .....		.....14,205
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	731,849
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes \$11,158 accrual of discount less \$191,579 amortization of premium and less \$212,298 paid for accrued interest on purchases.
(b) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued dividends on purchases.
(c) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
(d) Includes \$for company's occupancy of its own buildings; and excludes \$interest on encumbrances.
(e) Includes \$47,593 accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
(f) Includes \$accrual of discount less \$amortization of premium.
(g) Includes \$investment expenses and \$investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$interest on surplus notes and \$interest on capital notes.
(i) Includes \$depreciation on real estate and \$depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds					0
1.1	Bonds exempt from U.S. tax					0
1.2	Other bonds (unaffiliated)					0
1.3	Bonds of affiliates					0
2.1	Preferred stocks (unaffiliated)					0
2.11	Preferred stocks of affiliates					0
2.2	Common stocks (unaffiliated)					0
2.21	Common stocks of affiliates					0
3.	Mortgage loans					0
4.	Real estate					0
5.	Contract loans					0
6.	Cash/Short-term investments	(946)				(946)
7.	Derivative instruments					0
8.	Other invested assets					0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	(946)	0	0	0	(946)
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 12 to 20, Column 2	713,507	2,325,105	1,611,598
2. Other Non-Admitted Assets:			
2.1 Bills receivable.....		0	0
2.2 Leasehold improvements.....		0	0
2.3 Cash advanced to or in hands of officers and agents.....		0	0
2.4 Loans on personal security, endorsed or not.....		0	0
2.5 Commuted commissions.....		0	0
3. Total (Lines 2.1 to 2.5)	0	0	0
4. Aggregate write-ins for other assets.....	1,178,787	778,725	(400,062)
5. Total (Line 1 plus Lines 3 and Line 4)	1,892,294	3,103,830	1,211,536
0401. HEALTHCARE RECEIVABLES.....	852,233	0	(852,233)
0402. OTHER LONG TERM ASSETS.....	240,000	365,000	125,000
0403. STATE TAXES.....	80,834	395,133	314,299
0498. Summary of remaining write-ins for Line 4 from overflow page	5,720	18,592	12,872
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	1,178,787	778,725	(400,062)

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	44,599	36,993	35,236	33,202	31,431	415,529
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	1,651	1,275	1,204	966	961	13,603
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	46,250	38,268	36,440	34,168	32,392	429,132
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of CIGNA HealthCare of Maine, Inc., (the Company), have been prepared in conformity with accounting practices prescribed or permitted by the State of Maine Department of Insurance.

The State of Maine Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Maine for determining and reporting the financial condition and results of operations of a Health Maintenance Organization (HMO), for determining its solvency under the State of Maine Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Maine.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

- (1) Short-term Investments: Investments with a maturity greater than three months but less than one year at the time of purchase are included in short-term investments and are carried at cost which approximates market value. Short-term investments are classified as available for sale.
- (2) Financial Instruments: In the normal course of business, the Company enters into transactions involving various types of financial instruments, including debt and investments such as fixed maturities. These instruments may change in value due to interest rate and market fluctuations, and most have credit risk. CIGNA Investments, Inc. (CII), an affiliate of the Company, evaluates and monitors each financial instrument individually and, when management considers it appropriate obtains collateral or other forms of security to limit risk of loss.
- (3) Bonds: Bonds are carried principally at amortized cost, net of impairments. Bonds are considered impaired and written down to fair value when a decline in value is considered to be other than temporary.
- (4) Common Stock: None
- (5) Preferred Stocks: None
- (6) Mortgage Loans: None
- (7) Loan-backed securities: None
- (8) The Company does not hold investments in any non-insurance companies.
- (9) Joint Ventures: None
- (10) Derivatives: None
- (11) Unpaid Losses and Loss Adjustment Expenses: Unpaid Losses and loss adjustment liabilities are estimates of payments to be made under health coverage for reported claims and for losses incurred but not yet reported. Management develops these estimates using actuarial methods based upon historical data for claim payment patterns, cost trends, product mix, seasonality, utilization of health care services and other relevant factors. When estimates change, the Company records the adjustment in medical and Hospital expenses. Unpaid claims adjustment expenses includes a reserve for additional administrative expenses associated with those unpaid health claims that are in the process of settlement as well as those that have been incurred but not yet reported. This reserve is based on the historical relationship between claims handling expenses and incurred claims
- (12) Provider Incentives and Other Risk Sharing Arrangements: The Company contracts with physicians or provider groups to provide medical services to their members. The Company pays capitation or negotiated fees for defined services provided by the physicians.
- (13) The Company and some of the physicians have entered into incentive sharing agreements. Under the terms of these agreements, certain providers are eligible to receive a provider bonus based on qualitative and quantitative factors. Accrued physician incentives were \$359,623 and \$177,190 at December 31, 2003 and 2002, respectively, and are included in accrued medical incentive pool and bonus payments in the accompanying Statement of Assets, Liabilities, and Capital and Surplus.

NOTES TO FINANCIAL STATEMENTS

The Company and the physicians or provider groups have entered into risk sharing agreements. Under the terms of these agreements, various percentages of all fees potentially payable to the physicians are withheld. Based upon actual medical expenses compared to predetermined criteria, the amounts withheld from and paid to the participating physicians are adjusted. The withheld amounts are distributed subsequent to the risk sharing settlement date depending on the terms of the agreements.

2. Accounting Changes and Corrections of Errors

- A. During the prior year, the Company changed the method of reporting the non-admitted portion of Accident and health premiums due and unpaid to be consistent with SSAP No 6. Previously, the Company had admitted Accident and health premiums net of an allowance which was sufficient to cover balances greater than 90 days and any corresponding balances relating to collectability issues. In 2002, the Company eliminated for statutory reporting purposes the accounts receivable allowance and non-admitted any Accident and premiums due and unpaid over 90 days old, as well as any balances that related to issues of collectability. The impact of this change for the reporting period of December 31, 2002, is a decrease to admitted assets of \$63,100, an increase to net premium income of \$63,100, and no change to unassigned funds (surplus) and is included in the accompanying Statement of Assets, Liabilities, Capital and Surplus, and accompanying Statement of Revenue and Expenses. The impact of this change if it had been implemented for the reporting period ended December 31, 2001, would have been a decrease to admitted assets of \$1,008,979, an increase to net premium income of \$1,008,979 and no change to unassigned funds (surplus) is not reflected in the accompanying schedules.
- B. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Maine. Effective January 1, 2001, the State of XXX required that insurance companies domiciled in the State of Maine prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures manual subject to any deviations prescribed or permitted by the State of Maine insurance commissioner.

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that increased unassigned funds, of \$ 670,901 as of January 1, 2001.

3. Business Combinations and Goodwill

- A. Statutory Purchase Method
None
- B. Statutory Merger
None
- C. Assumption Reinsurance
None
- D. Impairment Loss
None

4. Discontinued Operations

None

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans
None
- B. Debt Restructuring
None
- C. Reverse Mortgages
None
- D. Loan –Back Securities
None
- E. Repurchase Agreements
None
- F. Real Estate
None

6. Joint Ventures, Partnerships and Limited Liability Companies

NOTES TO FINANCIAL STATEMENTS

- A.

The Company has no investments in Joint Ventures, Partnerships of Limited Liability Companies.
- B.

The Company did not recognize any impairment write-downs for investments in Joint Ventures, Partnerships of Limited Liability Companies.

7. Investment Income

- A.

Due and accrued income was excluded from surplus on the following bases: All investment income due and accrued with amounts that are over 90 days past due.
- B.

No amounts were excluded from the statutory statements.

8. Derivative Instruments

None

9. Income Taxes

- A.

The components of the net deferred tax asset recognized in the Company’s Assets, Liabilities, Surplus and Other Funds are as follows:

	<u>Dec. 31, 2003</u>	<u>Dec. 31, 2002</u>
Total of gross deferred tax assets	\$ 999,540	\$ 2,025,831
Total of deferred tax liabilities	(12,508)	(618,815)
Net deferred tax asset	987,032	1,407,016
Deferred tax asset nonadmitted	(304,592)	0
Net admitted deferred tax asset	682,440	\$ 1,407,016
(Increase) decrease in nonadmitted asset	\$ 304,592	

- B.

The Company has properly recognized all deferred tax liabilities (DTL's) for amounts as described in the Statement of Statutory Accounting Principles (SSAP) No. 10.

- C.

Part I - The provisions for incurred taxes on earnings for the years ended December 31 are:

	<u>2003</u>	<u>2002</u>
Federal current taxes	3,021,144	2,086,538
	3,021,144	2,086,538
Federal income tax on net capital gains	(554)	(471)
Utilization of capital loss carry-forwards	0	0
Federal income taxes incurred	3,020,590	2,086,067

- C.

Part II - The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	<u>Dec. 31, 2003</u>	<u>Dec. 31, 2002</u>
<u>Deferred tax assets:</u>		
Unearned premium reserves	\$ 59,612	\$ 80,595
Loss reserve discounting	\$ 179,313	\$ 219,893
Employee benefits	\$ 173,935	\$ 143,790
Bad debts	\$ 138,769	\$ 528,827
Market conduct accrual	\$ 123,775	\$ 107,567
Immunization reserve	\$ 150,413	\$ 110,745
Depreciation	\$ 47,416	\$ 72,612
Miscellaneous receivables	\$ 0	\$ 186,143
Class Action Lawsuit	\$ 0	\$ 103,043
Restructuring Reserve	\$ 42,307	\$ 344,866
Miscellaneous other	\$ 84,000	\$ 127,750
Total deferred tax assets	\$999,540	\$2,025,831
Nonadmitted deferred tax assets	(\$ 304,592)	(\$ 0)
Admitted deferred tax assets	\$ 682,440	\$ 1,407,016

Deferred tax liabilities:

Discount of bond premiums	\$ 12,508	\$ 8,846
Restructuring	\$ 0	\$ 736
Employee benefits	\$ 0	\$ 609,233

NOTES TO FINANCIAL STATEMENTS

Total deferred tax liabilities	\$	12,508	\$	618,815
Net admitted deferred tax asset	\$	682,440	\$	1,407,016

C. Part III - The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	<u>Dec. 31, 2003</u>	<u>Dec. 31, 2002</u>	<u>Change</u>
Total deferred tax assets	\$ 999,540	\$ 2,025,831	(\$ 1,026,291)
Total deferred tax liabilities	(12,508)	(618,815)	(606,307)
Net deferred tax asset (liability)	\$ 987,032	\$ 1,407,016	(\$ 419,984)
Tax effect of unrealized gains (losses)			0
Change in net deferred income tax			(419,984)
Less: Change in deferred tax on nonadmitted assets			(539,847)
Adjusted Change in net deferred income tax			\$ 119,863

D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	<u>Dec. 31, 2003</u>	<u>Effective Tax Rate</u>	<u>Dec. 31, 2002</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	3,184,725	35.0%	2,194,534	35.0%
Tax exempt interest income, net	(493,541)	-5.4%	(399,477)	-6.5%
Meals and entertainment	613	0.0%	651	0.0%
Nondeductible goodwill	0	0.0%	0	0.0%
Fines and penalties	223,038	2.5%	0	0.0%
Prior Period Adjustment	(14,108)	-0.2%	0	0.0%
Other	0	0.0%	220	0.0%
Total	2,900,727	31.9%	1,750,928	28.5%
Federal income taxes incurred	3,020,590	33.2%	2,086,067	34.0%
Change in net deferred income taxes	(119,863)	-1.3%	(335,139)	-5.5%
Total statutory income taxes	2,900,727	31.9%	1,750,928	28.5%

E. Part I - The Company has no net operating loss carryforwards and no net capital loss carryforwards.

E. Part II - The Company has federal income taxes incurred in prior periods available for recoupment in the event of future net losses as follows:

<u>Year</u>	<u>Amount</u>
2003	3,051,603
2002	1,919,381

The amounts above are subject to CIGNA's Consolidated Federal Income Tax Agreement.

F. CIGNA Corporation's indirectly wholly-owned domestic subsidiary insurance companies have entered into a Consolidated Federal Income Tax Agreement (the "Agreement") which became effective as of April 1, 1982. The Agreement sets forth the method of allocation of federal income taxes for CIGNA Corporation and its wholly-owned domestic subsidiaries, including insurance subsidiaries. The Agreement provides for immediate reimbursement to companies with net operating losses to the extent that their losses are used to reduce consolidated taxable income; while those companies with current taxable income as calculated under federal separate return provision, are liable for payments determined as if they had each filed a separate return. However, current credit is given for any foreign tax credit, operating loss or investment tax credit carryovers actually used in the current consolidated return.

10. Information Concerning Parent, Subsidiaries and Affiliates

A., B.
& C.

CHC charged the Company \$14,827,544 and \$17,498,932 in administrative service fees and fees for other services in 2003 and 2002, respectively. The allocation of expenses is based on the ratio of the respective expense category to

NOTES TO FINANCIAL STATEMENTS

total expenses at the parent company level. The Company also earned \$20,079 and \$75,767 in interest from CHC in 2003 and 2002, respectively.

CIGNA Behavioral Health, Inc. (CBH) is an affiliate of the Company. The Company pays CBH a capitation fee to provide mental health and substance abuse services to its members. The expense relating to this contract for the years ended December 31, 2003 and 2002 was \$2,425,391 and \$2,810,583, respectively. Beginning April 1, 2003, the Company also began paying CBH an operating expense charge in connection with CBH's Member Assistance Program. The expense relating to this program for the year ended December 31, 2003 was \$32,641.

International Rehabilitation Associates, Inc. d/b/a Intracorp (Intracorp), is an affiliate of the Company. The Company pays Intracorp a capitation fee for utilization management, case management, demand management, disease management, care management and other services to its members. The expense relating to these services for the years ended December 31, 2003 and 2002 was \$(37,006) and \$453,693, respectively.

CHC charged the Company \$41,470 and \$34,946 in 2003 and 2002, respectively, for liability insurance. This program provides protection against liabilities imposed on the Company from allegations of negligence stemming from the management of health care activities. The liabilities are imposed as a result of the Company's management of health care activities and networks and not as a result of the direct medical services provided by third party, independent providers. Traditionally, providers carry their own medical malpractice insurance for any exposure they incur from providing direct medical services. The policy is primarily on claims made basis and covers incidents occurring from January 1, 1986 for which claims are presented during the current policy period. Effective January 1, 2001, CHC arranged for full claims made coverage with Lloyds of London. Liability coverage is limited to \$15 million per claim with no annual threshold.

- D. At December 31, 2003 and December 31, 2002, the Company reported \$(432,201) and \$2,235,217, respectively, as amounts due to (from) CHC, an affiliate. The terms of the settlement require that these amounts be settled within 30 days.
- E. The Company does not have any guarantees or undertakings for the benefit of an affiliate, which result in a material contingent exposure.
- F. The Management Services Agreement, as amended, is by and among CHC and each of its subsidiaries or affiliates which are signatories thereto. Under this agreement, CHC and certain affiliates provide Management Services (as defined and described in said agreement) to the HMO subsidiaries of CHC.

The Network Access Agreement effective January 1, 1998, is by and among the Company, Connecticut General Life Insurance Company (CGLIC), an affiliate and the affiliated HMOs. This agreement allows an affiliated HMO as well as CGLIC, an affiliate, to access the Company's provider networks. The Network Access Agreement replaces the agreement known as the "FlexCare Agreement" which enabled CGLIC to utilize the provider networks of the HMOs. Fees for network access and associated costs are allocated subject to the fair and reasonable standards established by Appendix a-440 NAIC SAP.

The Company currently participates in that certain Amended and Restated Consolidated Federal Income Tax Agreement by and between CIGNA and its subsidiaries adopted as of January 1, 1997 in order to facilitate the filing of a consolidated federal income tax return as an affiliated group under CIGNA. Pursuant to this agreement, tax payments are paid to CIGNA based on taxable income of the Company. In the case of a taxable loss, CIGNA pay the Company a refund based on the Company's taxable loss, but only to the extent CIGNA is able to utilize the loss in the consolidated tax return.

The CBH Agreement is by and between CBH and CHC on behalf of their respective subsidiaries and affiliates, and arranges for the provision of mental health and/or substance abuse services by CBH, its subsidiaries or affiliates to the enrollees of the HMOs.

The Participating Pharmacy Agreement (also known as the Tel-Drug Agreement) is by and between Tel-Drug, Inc., Tel-Drug of Pennsylvania, LLC and certain subsidiaries of CHC, including the Company. Under this agreement, Tel-Drug, Inc. and Tel-Drug of Pennsylvania, LLC provide mail-order pharmacy services to the Company's enrollees.

The Dental Consultation Agreement is by and between the Company and its affiliated HMOs and CIGNA Dental Health, Inc. (CDH). Pursuant to this agreement, CDH provides dental consultations to the Company on selected dental cases relative to services provided under the members' HMO contracts.

The Intercompany Service Agreement is by and between Intracorp, CGLIC and CHC on behalf of their respective healthplan subsidiaries and affiliates. Intracorp provides utilization management, case management, demand management, disease management, care management and other services to the enrollees of the HMOs.

The CIGNA Health Access Premium Billing Authorization Billing Agreement by and among CIGNA and certain subsidiaries, including the Company, enables each HMO to provide its CIGNA Health Access customers with a single premium bill.

The Company participates in an Investment Advisory Agreement; pursuant to which CIGNA Investments, Inc serves as the Company's investment advisor.

- G. All outstanding shares of the Company are owned by the Parent, Healthsource Inc., (HSI), a New Hampshire corporation.

NOTES TO FINANCIAL STATEMENTS

- H. The Company does not own shares of an upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company
- I. The Company does not hold any interest in another company or limited partnership.
- J. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.

11. Debt

- A. Capital Notes
None
- B. All Other Debt

The Company is party to individual surplus contribution notes held by the Parent. These notes generally bear interest at the prime rate of Chase Manhattan Bank plus one-half of one percent and are subordinate to all other liabilities of the Company.

Repayment of advances must be made from the Company's surplus and have prior regulatory approval. With approval from the State of Maine Department of Insurance, the surplus contribution notes of \$5,000,000 was paid in full with accrued interest of \$2,627,510 forgiven by the Parent.

The related interest expense was \$681,808 as of December 31, 2003 and is included in interest expense in the accompanying Statement of Revenues, Expenses and Net Worth.

The Company does not have any reverse repurchase agreements.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan
None
- B. Defined Contribution Plan
None
- C. Multiemployer Plans
None
- D. Consolidated/Holding Company Plans

The Company participates in a qualified, noncontributory defined benefit pension plan sponsored by CIGNA. The Company provides retirement benefits to substantially all eligible employees through a single integrated plan (the Plan) sponsored by CIGNA. The Company's policy for the Plan is to fund at least the minimum amount required by the Employee Retirement Income Security Act of 1974 (ERISA). Pension expense was \$43,362 and \$109,192 for the years ended December 31, 2003 and 2002, respectively.

In addition, the Company provides certain other postretirement benefits to retired employees, spouses and other eligible dependents through a plan sponsored by CIGNA. The Company has no legal obligation for benefits under these plans. CIGNA allocates amounts to the Company based on salary ratios. CIGNA and its participating subsidiaries make contributions to these plans as claims are incurred, and in 2003 and 2002, the Company's contributions were \$75,135 and \$90,235, respectively. The Company's unfunded postretirement benefit obligation amounted to \$363,471 and \$282,090 as of December 2003 and 2002.

The Company also participates in a capital accumulation 401(k) plan sponsored by CIGNA in which employee contributions on a before-tax basis are supplemented by the CIGNA's matching contributions. A substantial amount of the CIGNA's contributions are invested in the CIGNA common stock fund. Employees may invest in one or more of the following funds: CIGNA common stock fund, several diversified stock funds, a bond fund and a fixed-income fund.

CIGNA may elect to increase its matching contribution's if CIGNA's annual performance meets certain targets. The Company's expense for such plans was \$13,602 and \$56,453 for the years ended December 31, 2003 and 2002, respectively.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganization

- (1) The Company has 3,000,000 shares authorized, 1,000 shares issued and outstanding. All shares are Class A shares.
- (2) The Company has no preferred stock outstanding

NOTES TO FINANCIAL STATEMENTS

- (3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Maine, to an amount that is based on restrictions relating to statutory surplus.
- (4) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid or ordinary dividends to stockholders.
- (5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (6) The total amount of advances to surplus not repaid is \$0.
- (7) The Company does not hold any stock, including stock of affiliated companies, for special purposes.
- (8) The Company had no changes in balances of special surplus funds from the prior year.
- (9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
 - a. unrealized gains and losses: \$0
 - b. non-admitted asset values: \$1,892,295
 - c. provision for reinsurance: \$0
- (10) The Company did not issue any surplus debentures or similar obligations
- (11) & (12) The Company did not experience an impact of any restatement due to prior quasi-reorganizations.

14. Contingencies

- (1) **Regulatory and Industry Developments:**
The Company's businesses are subject to a changing social, economic, legal, legislative and regulatory environment. Some current issues that may affect CIGNA's businesses include:

- initiatives to increase health care regulation;
- efforts to expand tort liability of health plans;
- class action lawsuits targeting health care companies, including CIGNA;
- initiatives to restrict insurance pricing and the application of underwriting standards; and
- efforts to revise federal tax laws, including the federal tax treatment of dividends and of savings vehicles currently offered as employee benefits.

- (2) **Health Care Regulation:**
Federal and state legislatures, administrative agencies and courts continue efforts to increase regulation of the health care industry and change its operational practices. Regulatory and operational changes could have an adverse effect on the Company's health care operations if they reduce marketplace competition and innovation or result in increased medical or administrative costs without improving the quality of care. Debate at the federal level over "managed care reform" and "patients' bill of rights" legislation, focusing on questions regarding liability, is expected to continue.

Privacy regulations under the Health Insurance Portability and Accountability Act (HIPAA) of 1996 cover all aspects of the health care delivery system, and address the use and disclosure of individually identifiable health care information. Compliance with the privacy regulations is required by April 2003. In addition to the privacy regulations, HIPAA establishes national electronic transaction standards, which apply to health insurers, providers and other covered entities. They are intended to improve the efficiency and effectiveness of the nation's health care system by encouraging the widespread use of electronic data interchange. CIGNA implement these standards by October 2003.

Regulations issued in February 2003 set standards for the security of electronic health information, and must be implemented by CIGNA by April 2005. CIGNA has implemented certain security measures and planned others in anticipation of these rules. Other proposed HIPAA regulations include standards for the assignment of a unique national identifier for each health plan and provider and requirements for a unique national identifier for employer groups. CIGNA has commenced significant systems enhancements, training and administrative efforts to satisfy these requirements.

Other possible regulatory changes that could have an adverse effect on CIGNA's health care operations include:

- additional mandated benefits or services that increase costs without improving the quality of care;
- narrowing of the Employee Retirement Income Security Act of 1974 (ERISA) preemption of state laws;
- changes in ERISA regulations resulting in increased administrative burdens and costs;
- additional restrictions on the use of prescription drug formularies;
- additional privacy legislation and regulations that interfere with the proper use of medical information for research, coordination of medical care and disease management;
- additional rules establishing the time periods for payment of health care provider claims that vary from state to state; and
- legislation that would exempt independent physicians from antitrust laws.

The health care industry is under increasing scrutiny by various state and federal government agencies and could be subject to government efforts to bring criminal actions in circumstances that could previously have given rise only to civil or administrative proceedings.

NOTES TO FINANCIAL STATEMENTS

- (3) Litigation and Other Legal Matters:
CIGNA and several health care industry competitors were named as defendants in federal and state purported class action lawsuits. A Florida federal court certified a class of health care providers who allege violations under the Racketeer Influenced and Corrupt Organizations Act and ERISA. CIGNA and the other defendants have appealed that decision. The Florida federal court denied class certification to health plan subscribers, and the plaintiffs have not filed an appeal of that decision.

A settlement agreement was preliminarily approved in the provider case on September 4, 2003. On December 18, 2003, the Court held a Fairness Hearing regarding the settlement. A an order approving the settlement was signed by the judge on February 2, 2004; the parties filed a joint motion to clarify certain minor errors in the order on February 9, 2004. Once the judge signs the clarified order, a 30 day appeal period begins. If no appeal occurs, the order becomes final at the end of that period. The agreement will encompass most of the claims brought on behalf of health care providers asserted in other state and federal jurisdictions. In connection with this matter, the Company recognized a pre-tax charge of \$294,408 in the fourth quarter of 2002 for expected costs associated with health care provider class action litigation. The company recognized an additional charge of \$207,557 in 2003.

CIGNA is routinely involved in numerous lawsuits and other legal matters arising, for the most part, in the ordinary course of the business of administering and insuring employee benefit programs. An increasing number of claims are being made for substantial non-economic, extra-contractual or punitive damages. The outcome of litigation and other legal matters is always uncertain, and outcomes that are not justified by the evidence can occur. CIGNA believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to CIGNA’s consolidated results of operations, liquidity or financial condition.

15. Leases

A. Lessee Operating Lease

- (1)
- a. The Company leases office equipment under various non-cancelable operating lease agreements that expire through December 2005. Rental expense for 2003, and 2002 was \$201,932, and \$450,609, respectively.
- (2)
- a. In 2002, the Company assigned all of its interest in leases to CGLIC. As a result, lease expense is now paid by CGLIC. Going forward, CGLIC will allocate a portion of this expense to the Company.
 - b. There are no renewal options.
- (3) The company is not involved in any material sales – leaseback transactions.

B.

- (1) Lessor Leases
None
- (2) Leveraged Leases
None

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk
None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales
None
- B. Transfer and Servicing of Financial Assets
None
- C. Wash Sales
None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plan:

The Company contracts with CGLIC, an affiliated company, to administer an indemnity-based managed care product called FlexCare. FlexCare is offered to employers on an insured or self-insured funding basis. CGLIC, in the case of insured plans, and employers that contracted with CGLIC, in the case of self-insured plans, are responsible to the Company for the payment of charges by providers for covered services rendered to employees. The Company also receives an administrative fee for the use of its provider network by CGLIC or self-insured employers. Administrative fees

NOTES TO FINANCIAL STATEMENTS

of \$9,900,527 and \$10,260,474 for the periods ended December 31, 2003 and 2002, respectively, are included as a reduction of administrative expenses in the accompanying Statement of Revenues and Expenses. In 2002, FlexCare receivables were longer reported in the accompanying Statement of Assets, Liabilities, Capital and Surplus but are reported by the Parent.

The gain from operations from ASO uninsured plans and the uninsured portion of partially insured plans was as follows during 2003.

	(1)	(2)	(3)
	<u>ASO Uninsured</u>	<u>Uninsured Portion</u>	
	<u>Plans</u>	<u>of Partially Insured</u>	<u>Total ASO</u>
	<u>Plans</u>	<u>Plans</u>	
a. Net reimbursement for administrative Expenses (including administrative fees) in excess of actual expenses	\$ <u>1,783,311</u>	\$ _____	\$ <u>1,783,311</u>
b. Total net other income or expenses (including interest paid to or received from plans)	\$ _____	\$ _____	\$ _____
c. Net gain or (loss) from operations	\$ <u>1,783,311</u>	\$ _____	\$ <u>1,783,311</u>
d. Total claim payment volume	\$ <u>61,901,009</u>	\$ _____	\$ <u>61,901,009</u>

B. ASC Plan
None

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract:
None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
None

20. September 11 Events

1) The Company did not experience any significant losses, and did not have to develop any contingencies due to the terrorist attacks of September 11, 2001.

21. Other Items

A. Extraordinary Items
None

B. Troubled Debt Restructuring
None

C. Other Disclosures
In the fourth quarter of 2002, CIGNA adopted a restructuring program primarily to realign the organizational structure and objectives of its health care business. As a result, the Company recognized in operating expenses a pre-tax charge of \$1,037,000 in the accompanying financial statements. The pre-tax charge includes \$796,000, of severance costs, \$241,000 in real estate related to vacating certain leased facilities. As of December 31, 2003 the actions associated with this restructuring program have been substantially completed.

D. At December 31, 2003 and 2002 the Company had admitted assets of \$0 and \$0, respectively in accounts receivable for uninsured plans. The Company is not at risk for the uncollectibility of accounts receivable for uninsured plans since the Company contracts with CGLIC, an affiliated company, to administer an indemnity-based managed care product called FlexCare. FlexCare is offered to employers on an insured or self-insured funding basis. CGLIC, in the case of insured plans, and employers that contracted with CGLIC, in the case of self-insured plans, are responsible to the Company for the payment of charges by providers for covered services rendered to employees.

E. Noncash Transactions
None

F. Business Interruption Insurance Recoveries
None

NOTES TO FINANCIAL STATEMENTS

22. Events Subsequent
None

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 — General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (X)
If yes, give full details.

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (X)
If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (X)

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate \$_____.

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?
\$_____.

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (X)
If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$_____

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No (X)
If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$_____

B. Uncollectible Reinsurance
None

NOTES TO FINANCIAL STATEMENTS

C. Commutation of Ceded Reinsurance
None

24. Retrospectively Rates Contracts & Contracts Subject to Redetermination
None

25. Change in Incurred Claims and Claim Adjustment Expenses

Incurred claims and claim adjustment expenses attributable to insured events of prior two years has decreased by \$1,941,741 from \$266,937,000 in 2002 to \$264,995,259 in 2003, as a result of re-estimation of unpaid claims and claim adjustment expenses principally on the Commercial line of insurance. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements
None

27. Structured Settlements
None

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables
None

B Risk Sharing Receivables

The financial statements shall disclose the method used by the reporting entity to estimate its risk sharing receivables. To the extent that receivable and payable with the same provider are netted, the reporting entity shall disclose the gross receivable and payable balances. For the most recent three years, the reporting entity shall disclose the following:

(1) Estimated balance of risk sharing receivables as reported on the prior year financial statements for evaluation periods ending in the current year;

(2) Estimated balance of risk sharing receivables as reported on the financial statements for evaluation periods ending in the current year and the following year;

(3) Risk sharing receivables billed as determined after the annual evaluation period;

(4) Risk sharing receivables not yet billed; and

(5) Amounts received from providers as payments under risk sharing contracts.

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received – All Other
2003	2002		861,201	861,201					
	2003		13,317		13,317				
2002	2002		1,660,365	247,642		97,102	140,326		
	2003								
2001	2001	4,971,836	2,280,583	3,217,912		771,505	2,417,685		
	2002								

29. Participating Policies
None

NOTES TO FINANCIAL STATEMENTS

30. Premium Deficiency Reserves
None

31. Anticipated Salvage and Subrogation
None

32. Organization and Operation

The Company is an federally qualified HMO which commenced operations on April 1, 1987. The Company provides health insurance services throughout the region. Principal products and services include managed care products and services. The Company is a wholly-owned subsidiary of Healthsource, Inc. (the Parent), which is a wholly-owned subsidiary of CIGNA Health Corporation (CHC), which is an indirect wholly-owned subsidiary of CIGNA Corporation (CIGNA).

33. Minimum Net Worth

As of December 31, 2003 and 2002, the Company maintained the minimum net worth required by state laws and regulatory. Minimum required equity is the greater of \$1,000,000 or 2% of total annual premium revenues on the first \$150,000,000 plus 1% of annual premiums in excess of \$150,000,000 as reported in the previous annual financial statements; or 3 months' uncovered expenditures for the preceding year; or 8% of annual health care expenditures except those paid on a capitated basis for the preceding fiscal year or Company action level Risk Based Capital.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities .....		.0.000		.0.000
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		.0.000		.0.000
1.22 Issued by U.S. government sponsored agencies .....		.0.000		.0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		.0.000		.0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		.0.000		.0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	19,707,334	47.160	19,707,334	47.167
1.43 Revenue and assessment obligations	18,760,997	44.895	18,760,997	44.902
1.44 Industrial development and similar obligations	949,591	2.272	949,591	2.273
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA .....		.0.000		.0.000
1.512 Issued by FNMA and FHLMC .....		.0.000		.0.000
1.513 Privately issued .....		.0.000		.0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC .....		.0.000		.0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....		.0.000		.0.000
1.523 All other privately issued .....		.0.000		.0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....		.0.000		.0.000
2.2 Unaffiliated foreign securities .....		.0.000		.0.000
2.3 Affiliated securities .....		.0.000		.0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		.0.000		.0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		.0.000		.0.000
3.22 Unaffiliated .....		.0.000		.0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		.0.000		.0.000
3.32 Unaffiliated .....		.0.000		.0.000
3.4 Other equity securities:				
3.41 Affiliated .....		.0.000		.0.000
3.42 Unaffiliated .....		.0.000		.0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		.0.000		.0.000
3.52 Unaffiliated .....		.0.000		.0.000
4. Mortgage loans:				
4.1 Construction and land development .....		.0.000		.0.000
4.2 Agricultural .....		.0.000		.0.000
4.3 Single family residential properties .....		.0.000		.0.000
4.4 Multifamily residential properties .....		.0.000		.0.000
4.5 Commercial loans .....		.0.000		.0.000
4.6 Mezzanine real estate loans .....		.0.000		.0.000
5. Real estate investments:				
5.1 Property occupied by the company	5,720	.0.014	.0	.0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
6. Policy loans .....		.0.000		.0.000
7. Receivables for securities .....		.0.000	.0	.0.000
8. Cash and short-term investments	2,364,547	5.658	2,364,547	5.659
9. Other invested assets .....		.0.000		.0.000
10. Total invested assets	41,788,189	100.000	41,782,469	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ NA ☐
- 1.3

State Regulating?

Maine
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2002
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/1999
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

12/31/1999
- 3.4

By what department or departments? Maine Bureau of Insurance
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

Yes ☐ No ☒

4.12 renewals?

Yes ☐ No ☒
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

Yes ☐ No ☒

4.22 renewals?

Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ☐ No ☒
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES
(continued)

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [X] No []
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
CIGNA Bank & Trust Company, FSB.....	Hartford, CT.....			X		
CIGNA Financial Services, Inc.....	Hartford, CT.....					X

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

PricewaterhouseCoopers LLP
100 Pearl Street
Hartford, CT 06103
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Ruth Ann Woodley, FSA, MAAA
AVP & Actuary, Reserves
CIGNA HealthCare
Wilde Building, B237
900 Cottage Grove Road
Hartford, CT 06152
11.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 11.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- 11.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 11.4

If answer to (11.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA []

BOARD OF DIRECTORS

12.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []
13.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []
14.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person?

Yes [X] No []

FINANCIAL

- 15.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers .. \$.....

15.12 To stockholders not officers ... \$.....

15.13 Trustees, supreme or grand (Fraternal only) \$.....
- 15.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers ... \$.....

15.22 To stockholders not officers \$.....

15.23 Trustees, supreme or grand (Fraternal only) \$.....
- 16.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement?

Yes [] No [X]
- 16.2

If yes, state the amount thereof at December 31 of the current year:

16.21 Rented from others \$.....

16.22 Borrowed from others \$.....

16.23 Leased from others \$.....

16.24 Other \$.....
- Disclose in Notes to Financial the nature of each obligation.
- 17.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [] No [X]
- 17.2

If answer is yes,

17.21 Amount paid as losses or risk adjustment \$.....

17.22 Amount paid as expenses \$.....

17.23 Other amounts paid \$.....

GENERAL INTERROGATORIES
(continued)
INVESTMENT

18. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?		6 Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred	400,000	.0	1.000		[X]	[]	[]	[X]
Common	3,000,000	1,000	0.100	XXX	XXX	XXX	XXX	XXX

19.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes [X] No []

19.2 If no, give full and complete information relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1) Yes [] No [X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21

Loaned to others

\$

20.22

Subject to repurchase agreements

\$

20.23

Subject to reverse repurchase agreements

\$

20.24

Subject to dollar repurchase agreements

\$

20.25

Subject to reverse dollar repurchase agreements

\$

20.26

Pledged as collateral

\$

20.27

Placed under option agreements

\$

20.28

Letter stock or other securities restricted as to sale

\$

20.29

Other

\$

20.3 For each category above, if any of these assets are held by other, identify by whom held:

20.31

20.35

20.32

20.36

20.33

20.37

20.34

20.38

20.39

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

22.2 If yes, state the amount thereof at December 31 of the current year. \$

GENERAL INTERROGATORIES
(continued)
INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<div>1</div> <div>Name of Custodian(s)</div>	<div>2</div> <div>Custodian's Address</div>
JPMorgan Chase.....	3 Chase MetroTech Center N. American Insurance Group 6th Floor Brooklyn, NY 11245.....

23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>2</div> <div>Complete Explanation(s)</div>
.....
.....

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?

Yes [] No [X]

23.04 If yes, give full and complete information relating thereto:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
.....

23.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<div>1</div> <div>Central Registration Depository Number(s)</div>	<div>2</div> <div>Name</div>	<div>2</div> <div>Address</div>
105772.....	CIGNA Investments, Inc.....	CIM Hartford Offices 280 Trumbull Street Hartford, CT 06103.....

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?.....

Yes [] No [X]

24.2 If yes, complete the following schedule:

<div>1</div> <div>CUSIP #</div>	<div>2</div> <div>Name of Mutual Fund</div>	<div>3</div> <div>Book/Adjusted Carrying Value</div>
.....
9999999. TOTAL		0

24.3 For each mutual fund listed in the table above, complete the following schedule:

<div>1</div> <div>Name of Mutual Fund (from above table)</div>	<div>2</div> <div>Name of Significant Holding Of the Mutual Fund</div>	<div>3</div> <div>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding</div>	<div>4</div> <div>Date of Valuation</div>
.....
.....

GENERAL INTERROGATORIES
(continued)
OTHER

- 25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?.....\$33,400
- 25.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Maine Association of Healthplan.....	.....30,000

- 26.1 Amount of payments for legal expenses, if any?.....\$5,727
- 26.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....

- 27.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$
- 27.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....

GENERAL INTERROGATORIES

(continued)

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U. S. business only

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

0

1.62

Total incurred claims

\$

0

1.63

Number of covered lives

\$

0

All years prior to most current three years:

1.64

Total premium earned

\$

0

1.65

Total incurred claims

\$

0

1.66

Number of covered lives

\$

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

0

1.72

Total incurred claims

\$

0

1.73

Number of covered lives

\$

0

All years prior to most current three years:

1.74

Total premium earned

\$

0

1.75

Total incurred claims

\$

0

1.76

Number of covered lives

\$

0

2.

Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$ 119,307,501	\$	138,989,231
2.2	Premium Denominator	\$ 119,307,501	\$	138,989,231
2.3	Premium Ratio (2.1/2.2)	1.000		1.000
2.4	Reserve Numerator	\$ 18,460,088	\$	21,796,131
2.5	Reserve Denominator	\$ 18,460,088	\$	21,796,131
2.6	Reserve Ratio (2.4/2.5)	1.000		1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No []

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$

350,000

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
hold harmless provisions, conversion privledges with other carriers, agreements with providers to continue rendering services and any other agreements

7.1

Does the reporting entity set up its claim liability for provider services on a service data base?

Yes [X] No []

7.2

If no, give details:

8.

Provide the following Information regarding participating providers:

8.1

Number of providers at start of reporting year

3,252

8.2

Number of providers at end of reporting year

3,343

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

9.22

Business with rate guarantees over 36 months

32

GENERAL INTERROGATORIES
(continued)

PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold and Bonus/ Arrangements in its provider contract? Yes [X] No []
- 10.2 If yes:

10.21 Maximum amount payable bonuses \$.....

10.22 Amount actually paid for year bonuses \$.....

10.23 Maximum amount payable withholds \$.....

10.24 Amount actually paid for year withholds \$.....
- 11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, Yes [] No [X]

11.13 An Individual Practice Association (IPA), or, Yes [X] No []

11.14 A Mixed Model (combination of above) ?..... Yes [] No [X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No []
- 11.3 If yes, show the name of the state requiring such net worth.Maine
- 11.4 If yes, show the amount required. \$.....9,042,230
- 11.5 Is this amount included as part of a contingency reserve in stockholders equity? Yes [] No [X]
- 11.6 If the amount is calculated, show the calculation.

Greater of 2% of prior year premiums (\$2,779,887) or 3 months uncovered expenditures (\$5,179,715), or 8% of FFS expenditures (\$8,010,447) or company action level RBC (\$9,042,230)
12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
State of Maine.....

FIVE-YEAR HISTORICAL DATA

	1 2003	2 2002	3 2001	4 2000	5 1999
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	50,484,047	51,711,047	53,228,971	42,056,013	44,606,615
2. Total liabilities (Page 3, Line 22)	27,479,838	29,998,684	33,524,329	25,380,216	29,953,131
3. Statutory surplus	3,056,360	3,056,360	3,056,360	2,971,401	2,971,401
4. Total capital and surplus (Page 3, Line 30)	23,004,209	21,712,363	19,704,642	16,675,797	14,653,484
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	119,307,501	138,994,367	158,339,833	163,681,474	173,682,646
6. Total medical and hospital expenses (Line 18)	99,069,595	117,926,100	142,799,177	142,708,577	159,820,035
7. Total administrative expenses (Line 21)	8,504,408	12,567,377	14,954,216	16,924,639	15,873,255
8. Net underwriting gain (loss) (Line 24)	6,701,204	4,463,878	163,638	2,535,542	(3,277,833)
9. Net investment gain (loss) (Line 27)	2,393,085	1,677,648	1,587,575	1,460,189	1,228,123
10. Total other income (Lines 28 plus 29)	4,925	0	24,771	52,527	39,066
11. Net income (loss) (Line 32)	6,078,624	4,055,459	1,775,984	4,048,258	(2,010,644)
RISK - BASED CAPITAL ANALYSIS					
12. Total adjusted capital	23,004,209	21,712,363	19,704,641	16,675,797	14,653,484
13. Authorized control level risk-based capital	4,521,115	4,943,550	5,830,050	5,786,233	6,791,023
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	32,392	46,250	65,104	68,511	79,125
15. Total member months (Column 6, Line 7)	429,132	568,924	789,975	875,874	935,311
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total hospital and medical (Line 18)	83.0	84.8	90.2	88.0	92.7
18. Total underwriting deductions (Line 23)	94.4	96.8	99.9	98.4	101.9
19. Total underwriting gain (loss) (Line 24)	5.6	3.2	0.1	1.6	(1.9)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 12, Col. 5)	19,662,357	19,339,114	18,611,644	15,087,114	17,984,695
21. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	21,796,131	22,383,631	19,803,032	25,157,867	29,133,704
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
26. Affiliated mortgage loans on real estate	0	0	0	0	0
27. All other affiliated	0	0	0	0	0
28. Total of above Lines 22 to 27	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	0	0	0	0
	2. Canada	0	0	0	0
	3. Other Countries	0	0	0	0
	4. Totals	0	0	0	0
States, Territories and Possessions (Direct and guaranteed)	5. United States	0	0	0	0
	6. Canada	0	0	0	0
	7. Other Countries	0	0	0	0
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	19,707,334	20,666,809	19,894,672	18,010,000
	10. Canada	0	0	0	0
	11. Other Countries	0	0	0	0
	12. Totals	19,707,334	20,666,809	19,894,672	18,010,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	19,710,588	21,788,500	19,986,357	19,690,000
	14. Canada	0	0	0	0
	15. Other Countries	0	0	0	0
	16. Totals	19,710,588	21,788,500	19,986,357	19,690,000
Public Utilities (unaffiliated)	17. United States	0	0	0	0
	18. Canada	0	0	0	0
	19. Other Countries	0	0	0	0
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	0	0	0	0
	22. Canada	0	0	0	0
	23. Other Countries	0	0	0	0
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	39,417,922	42,455,308	39,881,029	37,700,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States	0	0	0	
	28. Canada	0	0	0	
	29. Other Countries	0	0	0	
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	0	0	0	
	32. Canada	0	0	0	
	33. Other Countries	0	0	0	
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States	0	0	0	
	36. Canada	0	0	0	
	37. Other Countries	0	0	0	
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States	0	0	0	
	42. Canada	0	0	0	
	43. Other Countries	0	0	0	
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	0	0	0	
	46. Canada	0	0	0	
	47. Other Countries	0	0	0	
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States	0	0	0	
	50. Canada	0	0	0	
	51. Other Countries	0	0	0	
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	39,417,922	42,455,308	39,881,029	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$0 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	25,902,168	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3	14,586,967	6.1 Column 17, Part 1	0
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Sec. 1	0
3.1 Column 16, Part 1	(179,302)	6.3 Column 11, Part 2, Sec. 2	0
3.2 Column 12, Part 2, Sec. 1	0	6.4 Column 11, Part 4	0
3.3 Column 10, Part 2, Sec. 2	0		
3.4 Column 10, Part 4	(1,120)	7. Book/adjusted carrying value at end of current period	39,417,922
4. Total gain (loss), Col. 14, Part 4	0	8. Total valuation allowance	
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4	890,792	9. Subtotal (Lines 7 plus 8)	39,417,922
		10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	39,417,922

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only					
				3	4	5	6	7	8
States, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit Type Contract Funds	Property/ Casualty Premiums
1.	Alabama	AL							
2.	Alaska	AK							
3.	Arizona	AZ							
4.	Arkansas	AR							
5.	California	CA							
6.	Colorado	CO							
7.	Connecticut	CT							
8.	Delaware	DE							
9.	District of Columbia	DC							
10.	Florida	FL							
11.	Georgia	GA							
12.	Hawaii	HI							
13.	Idaho	ID							
14.	Illinois	IL							
15.	Indiana	IN							
16.	Iowa	IA							
17.	Kansas	KS							
18.	Kentucky	KY							
19.	Louisiana	LA							
20.	Maine	ME	No	Yes	120,487,614				
21.	Maryland	MD							
22.	Massachusetts	MA							
23.	Michigan	MI							
24.	Minnesota	MN							
25.	Mississippi	MS							
26.	Missouri	MO							
27.	Montana	MT							
28.	Nebraska	NE							
29.	Nevada	NV							
30.	New Hampshire	NH							
31.	New Jersey	NJ							
32.	New Mexico	NM							
33.	New York	NY							
34.	North Carolina	NC							
35.	North Dakota	ND							
36.	Ohio	OH							
37.	Oklahoma	OK							
38.	Oregon	OR							
39.	Pennsylvania	PA							
40.	Rhode Island	RI							
41.	South Carolina	SC							
42.	South Dakota	SD							
43.	Tennessee	TN							
44.	Texas	TX							
45.	Utah	UT							
46.	Vermont	VT							
47.	Virginia	VA							
48.	Washington	WA							
49.	West Virginia	WV							
50.	Wisconsin	WI							
51.	Wyoming	WY							
52.	American Samoa	AS							
53.	Guam	GU							
54.	Puerto Rico	PR							
55.	U.S. Virgin Islands	VI							
56.	Canada	CN							
57.	Aggregate other alien	OT	XXX	XXX	0	0	0	0	0
58.	Total (Direct Business)	XXX	(a) 1	120,487,614	0	0	0	0	0
DETAILS OF WRITE-INS									
5701.									
5702.									
5703.									
5798.	Summary of remaining write-ins for Line 57 from overflow page			0	0	0	0	0	0
5799.	Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)			0	0	0	0	0	0

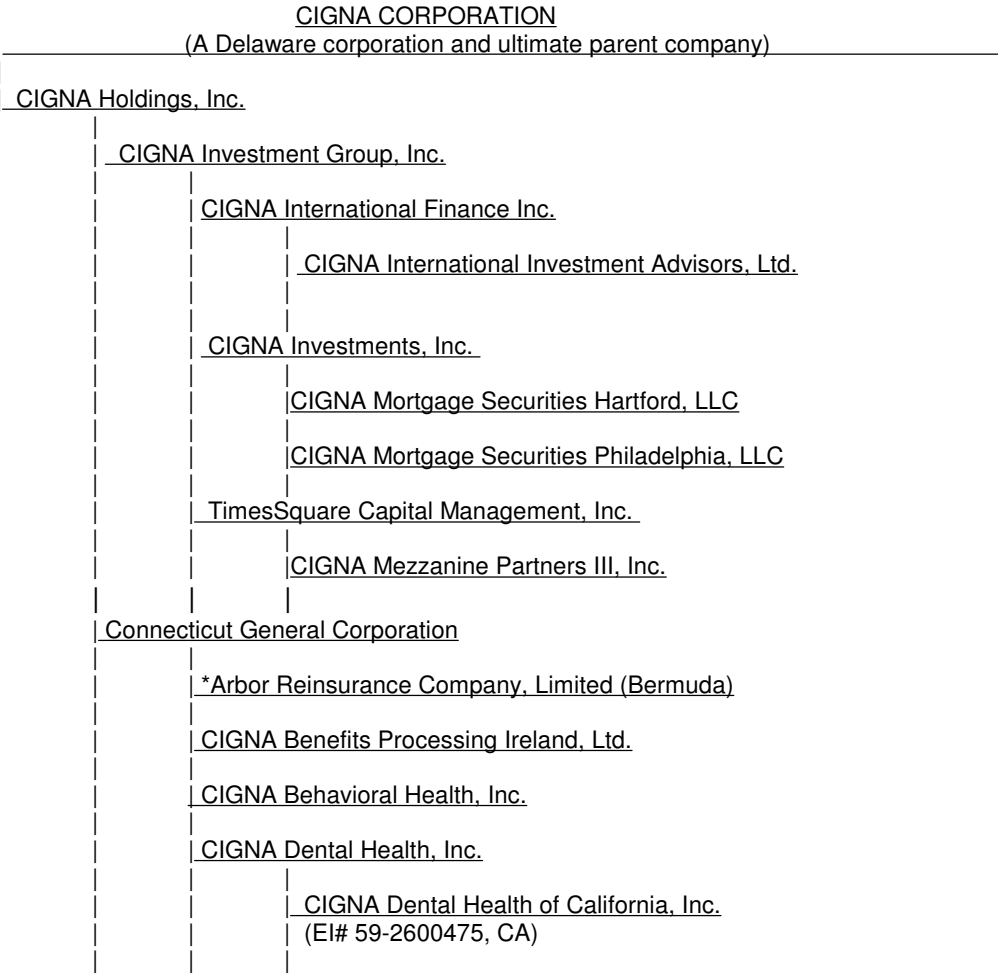
Explanation of basis of allocation by states, premiums by state, etc.:
(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

PART 1 - ORGANIZATIONAL CHART

The following is a listing identifying and indicating the interrelationships among all affiliated insurers (identified by an asterisk, and if such insurer is incorporated in the United States of America, by a Federal Employer Identification Number, NAIC Company Code and Jurisdiction of Incorporation) and all other affiliates, except that no non-insurer affiliate or alien insurer affiliate is listed unless either its total assets, as of December 31, 2003, are equal to one-half of one percent (0.5%) of the total assets of Connecticut General Life Insurance Company, which is the largest affiliated insurer, or such non-insurer or alien had activities reported in Part 2:



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

<u>CIGNA Dental Health of Colorado, Inc.</u> (EI# 59-2675861, NAIC # 11175, CO)
<u>CIGNA Dental Health of Delaware, Inc.</u> (EI# 59-2676987, NAIC # 95380, DE)
<u>CIGNA Dental Health of Florida, Inc.</u> (EI# 59-1611217, NAIC # 52021, FL)
<u>CIGNA Dental Health of Kansas, Inc.</u> (EI# 59-2625350, NAIC # 52024, KS)
<u>CIGNA Dental Health of Kentucky, Inc.</u> (EI# 59-2619589, NAIC # 52108, KY)
<u>CIGNA Dental Health of Maryland, Inc.</u> (EI# 59-2740468, NAIC # 48119, DE)
<u>CIGNA Dental Health of Missouri, Inc.</u> (EI#06-1582068, NAIC # 11160, MO)
<u>CIGNA Dental Health of New Jersey, Inc.</u> (EI# 59-2308062, NAIC # 11167,NJ)
<u>CIGNA Dental Health of New Mexico, Inc.</u> (EI# 95-4452999, NAIC # 47001, NM)
<u>CIGNA Dental Health of North Carolina, Inc.</u> (EI# 56-1803464, NAIC # 95179, NC)
<u>CIGNA Dental Health of Ohio, Inc.</u> (EI# 59-2579774, NAIC # 47805, OH)
<u>CIGNA Dental Health of Pennsylvania, Inc.</u> (EI# 52-1220578, NAIC # 47041, PA)
<u>CIGNA Dental Health of Texas, Inc.</u> (EI# 59-2676977, NAIC # 95037, TX)
<u>CIGNA Dental Health of Virginia, Inc.</u> (EI# 52-2188914, NAIC # 52617, VA)
<u>CIGNA Dental Health Plan of Arizona, Inc.</u>

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

	(EI# 86-0807222, NAIC # 47013, AZ)
	<u>CIGNA Financial Partners, Inc.</u>
	<u>CIGNA Financial Services, Inc.</u>
	<u>CIGNA Health Corporation</u>
	<u>Healthsource, Inc.</u>
	<u>CIGNA HealthCare of Arizona, Inc.</u> (EI# 86-0334392, NAIC#95125, AZ)
	<u>CIGNA Community Choice, Inc.</u>
	<u>CIGNA HealthCare of California, Inc.</u> (EI# 95-3310115, CA)
	<u>CIGNA HealthCare of Colorado, Inc.</u> (EI# 84-1004500, NAIC # 95604, CO)
	<u>CIGNA HealthCare of Connecticut, Inc.</u> (EI# 06-1141174, NAIC # 95660, CT)
	<u>CIGNA HealthCare of Delaware, Inc.</u> (EI# 52-1347731, NAIC # 95544, DE)
	<u>CIGNA HealthCare of Florida, Inc.</u> (EI# 59-2089259, NAIC # 95136, FL)
	<u>CIGNA HealthCare of Illinois, Inc.</u> (EI# 36-3385638, NAIC # 95602, DE)
	<u>CIGNA HealthCare of Maine, Inc.</u> (EI# 01-0418220, NAIC # 95447, ME)
	<u>CIGNA HealthCare of Massachusetts, Inc.</u> (EI# 02-0402111, NAIC # 95220, MA)
	<u>CIGNA HealthCare Mid-Atlantic, Inc.</u> (EI# 52-1404350, NAIC # 95599, MD)
	<u>CIGNA HealthCare of New Hampshire, Inc.</u>

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

56.3

			(EI# 02-0387749, NAIC # 95493, NH)
			<u>CIGNA HealthCare of New Jersey, Inc.</u>
			(EI# 22-2720890, NAIC # 95500, NJ)
			<u>CIGNA HealthCare of Ohio, Inc.</u>
			(EI# 31-1146142, NAIC # 95209, OH)
			<u>CIGNA HealthCare of Pennsylvania, Inc.</u>
			(EI# 23-2301807, NAIC # 95121, PA)
			<u>CIGNA HealthCare of St. Louis, Inc.</u>
			(EI# 36-3359925, NAIC # 95635, MO)
			<u>CIGNA HealthCare of Utah, Inc.</u>
			(EI# 62-1230908, NAIC # 95518, UT)
			<u>CIGNA HealthCare of Virginia, Inc.</u>
			(EI# 54-1252797, NAIC # 96563, VA)
			<u>Healthsource South, Inc. (NH)</u>
			<u>CIGNA HealthCare of Georgia, Inc.</u>
			(EI# 58-1641057, NAIC # 96229, GA)
			<u>CIGNA HealthCare of Texas, Inc.</u>
			(EI# 74-2767437, NAIC # 95383, TX)
			<u>* CIGNA Insurance Group, Inc.</u>
			(EI# 02-0441070, NAIC # 87980, NH)
			<u>Healthsource Indiana, Inc.</u>
			<u>CIGNA HealthCare of Indiana, Inc.</u>
			(EI# 35-1679172, NAIC # 95525, IN)
			<u>Healthsource Management, Inc.</u>
			<u>CIGNA HealthCare of New York, Inc.</u>
			(EI# 11-2758941, NAIC # 95488, NY)
			<u>CIGNA HealthCare of Tennessee, Inc.</u>
			(EI# 62-1218053, NAIC # 95606, TN)

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

			<u>Healthsource Health Plans, Inc.</u>
			<u>CIGNA HealthCare of North Carolina, Inc.</u> (EI# 56-1479515, NAIC # 95132, NC)
			<u>CIGNA HealthCare of North Carolina Administrators, Inc.</u>
			<u>Physicians' Health Systems, Inc.</u>
			<u>*CIGNA Insurance Services Company (72%)</u> (remaining interest owned by Healthsource Management, Inc.) (EI# 57-0937292, NAIC # 63405, SC)
			<u>*CIGNA HealthCare of South Carolina, Inc.</u> (EI# 06-1185590, NAIC # 95708, SC)
			<u>*Temple Insurance Company Limited</u> (Bermuda)
			<u>*CIGNA Life Insurance Company of Canada (Canada)</u>
			<u>*CIGNA Life Insurance Company of New York</u> (EI# 13-2556568, NAIC # 64548, NY)
			<u>CIGNA Vision Care, Inc.</u>
			<u>*Connecticut General Life Insurance Company</u> (EI# 06-0303370, NAIC # 62308, CT)
			<u>CG Alhambra, LLC</u>
			<u>CG Ballston, LLC</u>
			<u>CG Gillette Ridge, LLC</u>
			<u>CG Merrick, LLC</u>
			<u>CG Pinnacle, L.L.C.</u>

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

		<u>CG Wacker Drive, L.L.C.</u>
		<u>CIGNA Dulles Town, L L C</u>
		<u>*CIGNA Life Insurance Company</u> (EI# 06-1050034, NAIC # 93629, CT)
		<u>CIGNA Retirement Benefits Services, Inc.</u>
		<u>Congen Properties, Inc.</u>
		<u>CORAC, LLC</u>
		<u>CORAC Nashville, LLC</u>
		<u>Houston Properties L.L.C.</u>
		<u>KCI Investment Company L.L.C.</u>
		<u>Global Portfolio Strategies, Inc.</u>
		<u>International Rehabilitation Associates, Inc. d/b/a INTRACORP</u>
		<u>*Life Insurance Company of North America</u> (EI# 23-1503749, NAIC # 65498, PA)
		<u>*CIGNA & CMC Life Insurance Company Limited (China) (50%)</u> (remaining interests owned by unaffiliated parties)
		<u>Tel-Drug, Inc.</u>
		<u>CIGNA Global Holdings, Inc.</u>
		<u>*CIGNA Global Reinsurance Company, Ltd. (Bermuda)</u>
		<u>CIGNA Holdings Overseas, Inc.</u>
		<u>* CIGNA Life Insurance Company of Europe S.A.-N.V. (Belgium) (99.998%)</u> (remaining interest owned by CIGNA Global Holdings, Inc.)

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

				<u>*CIGNA Europe Insurance Company S.A.-N.V. (Belgium) (99.999%)</u> | (remaining interest owned by CIGNA Holdings Overseas, Inc.)
				<u>*CIGNA Seguradora S.A. (Brazil) (85.59%)</u> | (remaining interest owned by CIGNA Brasil Participacoes, Ltda.)
				<u>*CIGNA Life Insurance New Zealand Limited (New Zealand)</u>
				<u>*CIGNA Argentina Compania de Seguros S.A. (Argentina) (99.17%)</u> | (remaining interest owned by CIGNA Global Holdings, Inc.)
				<u>*Empresa Guatemalteca CIGNA de Seguros, Sociedad Anonima (Guatemala) (97.375%)</u> | (remaining interest owned by unaffiliated parties)
				<u>Inversiones CIGNA Limitada (Chile)</u>
				<u>*CIGNA Compania de Seguros de Vida (Chile) S.A. (Chile) (98.64%)</u> | (remaining interest owned by unaffiliated parties)
				<u>*CIGNA Worldwide Insurance Company</u> | (EI# 23-2088429, NAIC # 90859, DE)
				<u>*PT. Asuransi CIGNA (Indonesia) (80%)</u> | (remaining interest owned by unaffiliated parties)
				<u>*CIGNA STU S.A. (Poland) (7.03%)</u> | (remaining interest owned by unaffiliated parties)
				<u>*Maxicare Healthcare Corp. (formerly known as Philippine Health Care Providers, Inc.) (Philippines) (30%)</u> | (remaining interest owned by unaffiliated parties)

December 31, 2003